

10 May 19, 1904

Executive Chamber,

Annapolis, Md., May 19, 1904.

A meeting of the Board of Public Works was held this date at 12:30 p. m. Present; The Governor, Comptroller and Treasurer.

The Secretary read the minutes of the last meeting, which on motion were approved as read.

Bills amounting to \$843.67 were approved and ordered paid, and the Secretary to the Board was ordered to send these bills to the Comptroller for payment.

Sealed proposals for repairs and new boiler for the State steamer McLane were duly opened by Commander Howard and submitted to each member of the Board of Public Works. Said bids were as follows:

Spedden Ship Building Company

For new boiler for "Gov. McLane"	\$4,800.00	
For repairs to "Gov. McLane"	<u>7,887.00</u>	\$12,687.00

E. J. Codd Company,

For Boiler for "Gov. McLane"	\$5,652.42	
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McIntyre & Henderson

For new boiler for "Gov. McLane"	\$4,970.00	
For repairs to "Gov. McLane"	<u>8,000.00</u>	\$12,970.00

The Spedden Ship Building Company being lowest bidders are awarded the contract for the new boiler at \$4,800.00, and repairs \$7,887.00, total amount \$12,687.00. The bids were submitted to the Governor May 5th, and he approved the same subject to the approval of the other members of the Board.

A report was received from Mr. Haslup of the sale of old desks and furniture, amounting to \$500.24.

Motion was made by Dr. Atkinson authorizing the sale of the old desks and furniture be confirmed, and that the Superintendent of Public Buildings report the proceeds and render statement at the next meeting of the Board, and that the amount be placed in the contingent fund of the Board of Public Works. Motion carried.

Dr. Atkinson reported having consulted with Mr. Bryan in regard to the surrender of the stock in the Commercial and Farmers Bank and that the Attorney General has promised to prepare and submit an opinion at an early date.

Dr. Atkinson made a motion that the Governor and Treasurer be authorized to prepare and in due course of time put the \$825,000.00 of the Public Buildings Loan on sale at the time designated in the Bill. Motion carried.

Mr. Vandiver reported having taken up the matter of the 4 per cent First Mortgage Bonds of the United Railways and Electric Company to Attorney General, Hon. William S. Bryan, Jr., to ascertain whether or not they were a first mortgage lien on the property of the Company and submitted the following correspondence:

Copy:

May 12/04.

"Hon. Wm. S. Bryan, Jr.,
Baltimore, Maryland.

My dear Sir:

About the first of January 1904, the Board of Public Works requested their Secretary to write Mr. John M. Hood, President of the United Electric Railways and Electric Company and ascertain from him, if possible, whether or not the 4 per cent consolidated bonds of his Company were a first mortgage lien on the property of the Company. I enclose you herein the reply of President Hood to the letter of the Secretary. From the tone of their letter it does not seem to me that these bonds are a first lien on all the property of the United Railways & Electric Company.

Under the Act of 1900, Chap. 212 (Sec. 85 M of Art. 23 of Poe's Supplement to the Code) the Treasurer is authorized to accept from Trust Companies &c., which are required by law to make deposits with the Treasurer such first mortgage bonds of electric railways of this State as may be approved by the Board of Public Works, in lieu of the kinds of security now required by law to be deposited with said Treasurer. Under the direction of the Board of Public Works, I have been accepting the first mortgage Consolidated Bonds of the United Railways & Electric Company of Baltimore City.

Your early attention to the matter will oblige me,

Yours, very truly,

(Signed) Murray Vandiver, Treasurer."

Copy.

January 4, 1904.

Hon. Wilfred Bateman,
Sec. to State Board of Public Works of Maryland,
Annapolis, Md.

12 May 19, 1904

Dear Sir:

Replying to yours of the 22nd, ulto., which was not brought to my attention until this moment, I would state that the bonds to which you refer are known as the United Railways & Electric Company's First Mortgage Consolidated Bonds. They are the only bonds, except the subordinate Incomes, which have been issued by this Company, the mortgage having been large enough to retire all underlying bonds of the constituent companies, so that upon any of the consolidated properties upon which they are not strictly a first mortgage, full provision is made for their becoming so as soon as the other bonds are gotten in.

Agreeably to this provision, two of the issues of constituent companies have matured and been provided for.

These bonds are considered A No. 1 as to security and are largely held by trust estates.

The present market value is largely, if not wholly, due to the higher rates of interest now obtainable for money.

I think you will find that all other 4 per cent issues, which are subject to taxation, are selling on about the same basis.

Yours truly,

(Signed) J. M. Hood, President."

Baltimore, May 16, '04.

Dear Sir:

In answer to your enquiry of May 12th,, in which you ask whether the 4 per cent consolidated bonds of the United Railways and Electric Company are a first lien on all the property of the United Railways and Electric Company of Baltimore City, I beg to say that such are not a first lien on all the property of the Company.

As is shown by the copy of General Hood's letter of January 4th, 1904, which I return herewith, there are underlying securities in the form of bonds of the old City Passenger Railway Company, the City and Suburban Railway Company, the Traction Company and some of the other constituents corporations, which have not been retired.

I think, however, that these bonds are first mortgage bonds of electric railways in the sense in which those terms are used in the Act of 1900, Chap. 212."

They are the first mortgage bonds of the company issuing them, are a first lien on some of the property of that company, and are known as first mortgage bonds, among brokers and bankers. It is,

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I believe a familiar piece of legislative history that the Act of 1900, Ch. 212, was procured to enable these very bonds to be used for the purpose of deposit with the State Treasurer, required on certain insurance, fidelity and trust companies by law. Indeed, if these bonds could not have been used for the purpose of this deposit, the Act would have been of very little efficacy, as there were comparatively few of the underlying first mortgage bonds, or of other first mortgage bonds of electric railways, which could have been obtained in sufficient numbers and at a price sufficiently low to make their use any substantial relief to the corporations required to make the deposit.

Of course, the fact that there are the underlying securities I have mentioned, in the form of outstanding bonds of the constituent companies is a circumstance proper to be borne in mind by the Board of Public Works, when it, as a matter of business judgment, determine whether it will approve these bonds as suitable for use as a deposit with the State Treasurer, by these insurance and fiduciary corporations.

Yours very truly,

(Signed) William S. Bryan, Jr.,
Attorney General."

To Hon. Murray Vandiver,
State Treasurer,
Annapolis, Md."

After due consideration of the foregoing communications the Treasurer's action in accepting these deposits of trust companies and fiduciary corporations are hereby approved.

(The original letters were returned to the Treasurer).

It was agreed to take up appointment of State Auditor on June 16th, next. Carried.

A motion was made by Dr. Atkinson that one of the safes now in the Chief Clerk's office be loaned to the Springfield State Hospital for use in that institution, and that the Superintendent of Buildings take a receipt for its loan. Motion carried.

Adjourned at 1 p. m.

Oswald Tilghman, Secretary.